American Banker

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VOL. CL NO. 242 Wednesday, December 11, 1985 Year

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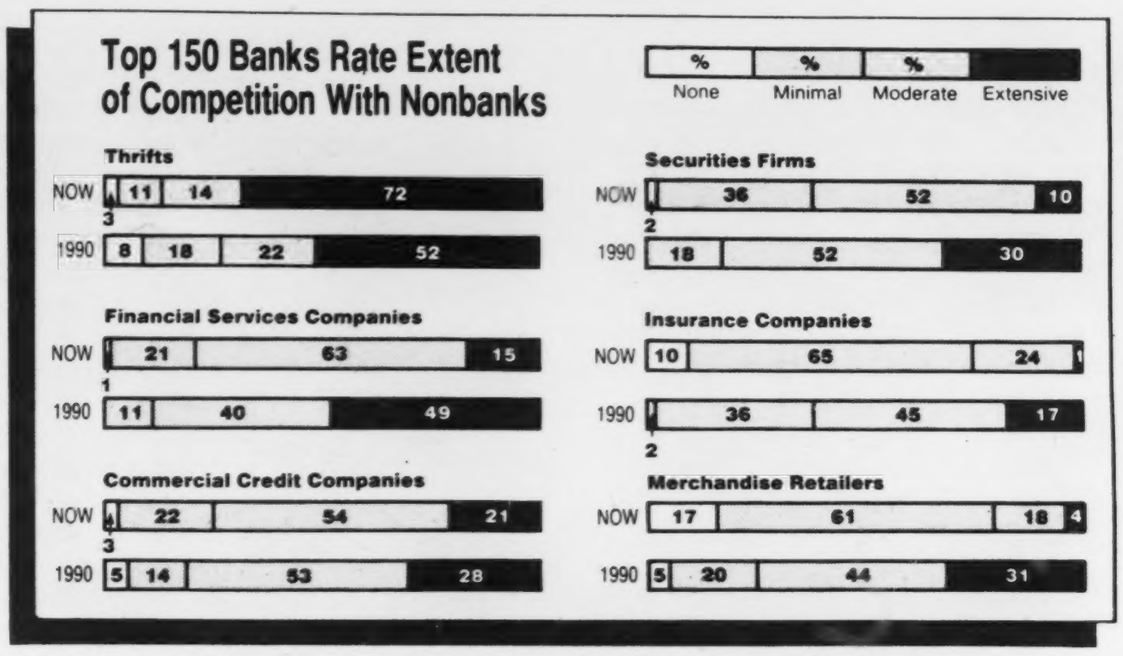

Source: Arthur Andersen & Co. for the Association of Reserve City Bankers.

New Andersen Survey Predicts More Nonbank Competition

By LAURA GROSS

NEW YORK — In the 1990s, commercial bankers will still be their own toughest competition, according to a survey of chief executive officers of the 150 largest banks in the nation, released on Tuesday.

But thrifts, which bankers today judge to be their chief nonbank competitors, will lose some of their ferocity by the 1990s, dropping to second place behind the large financial services companies such as American Express Co. and Merrill Lynch & Co. — the kinds of firms bankers say will provide the coming decade's most extensive nonbank competition.

Next, after the second-place thrifts, come merchandise retailers, a strong third, and then securities firms and insurance companies.

The results of the survey — commissioned by the Association of Reserve City Bankers and carried out by the consulting firm of Arthur Andersen & Co. — are important because the perceptions of these opinion leaders underlie their strategic plans. Reflected in the results are the opinions of chief executives at institutions that represent 70% of the nation's banking assets. The Association of Reserve City Bankers is a trade group comprised of the nation's 150 largest banks in terms of assets.

"As the chief executive of the Marine Corp. [the $3.2 billion-asset Milwaukee bank holding company], it is vital to me to be able to predict the future of the banking industry. This confirms a lot of things we are already doing," explained George R. Slater, who is also chairman of Marine and of the Association of Reserve City Bankers' Banking Research Trust Fund.

Mr. Slater, who said it took him a whole day to answer Andersen's original, 60-page questionnaire, was commenting during a press briefing on Tuesday when results of the survey — Strategic Issues in Banking — were made public. Mr. Slater noted that the response rate for the survey was 83% which, he added, insures a high degree of reliability.

Andersen executives at the briefing also pointed out that understanding the chief executives' perceptions is vital to

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FDIC Expected To Postpone Disclosure Rule

By ROBERT TRIGAUX

WASHINGTON — The Federal Deposit Insurance Corp. is expected on Monday to postpone for six months a rule that would reveal to the public enforcement actions that the agency takes against banks or bankers.

Industry sources say the decision may mean the agency has no intention of implementing the rule, currently scheduled to take effect in January. However, FDIC Chairman William Seidman might adopt parts of a broad disclosure proposal by the Office of the Comptroller of the Currency that would require banks to make public enforcement actions against them. The Comptroller's proposal is out for public comment until Jan. 28.

Seidman Acknowledges a Mistake, Page 15

The FDIC plan to publicize through agency press releases the names of banks and bankers involved in final cease-and-desist orders stirred considerable opposition from the banking industry. Its original intent was to use adverse publicity to increase pressure against banks and bankers abusing the financial system.

On Monday, the rule will be reviewed at an FDIC board meeting.

In late October, the American Bankers Association protested the agency plan and formally petitioned the FDIC to reconsider its cease-and-desist disclosure plans.

Last week, officials of the Independent Bankers Association of America, which represents community banks, met with Mr. Seidman to discuss the inequities and potential risks of small banks in small towns being required to disclose enforcement actions. Mr. Seidman said the agency would reconsider the rule, according to the Inde-

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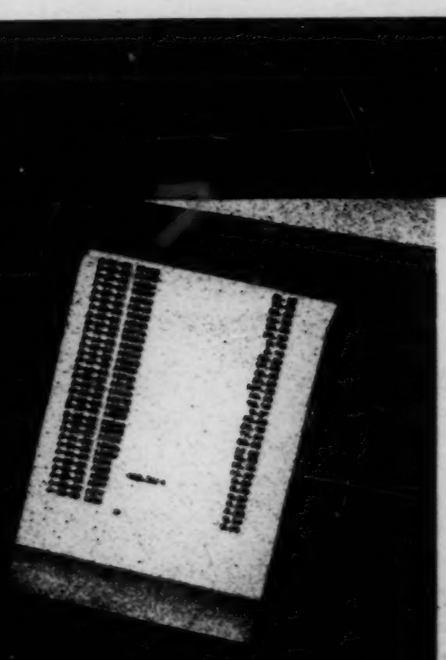
The inside story.



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Survey . . .

Continued from Page 1

analyzing the ways in which they will allocate resources and direct the development of their financial institutions over the next 10 to 15 years.

A product-oriented strategy that promotes one-stop convenience is the strategy that the CEOs say can beat the nonbanks, according to the survey. Yet more than 80% of the respondents say they think that nonbanks could profitably offer lease financing, deposit taking, installment lending, and savings accounts; 48% said they think that insurance companies and pension funds will increase their share of the credit market by 1990 at the expense of banks and thrifts.

The Andersen survey, consisting of a 60-page questionnaire sent to the chief executives of the nation's 150 largest banks in the winter of 1984, and a shorter, 15-page questionnaire sent in the spring of 1985, also questioned chief executives about industry structure, target markets, and profitability. The report is available from Andersen for $96; the cost of the survey was "in the six figures," one Andersen executive said.

A separate telephone component queried 100 representatives of the two markets identified as most profitable by all sizes of banks included in the study. These markets are consumer households earning $35,000 or more annually and middle-market corporations with $50 million-$100,000 million annually in sales.

Big Discrepancies

In addition to showing that the nation's largest banks are all concentrating on the same two market segments, the survey turned up some interesting discrepancies between what bankers think these customers want from their banks and what the customers are actually looking for. For example, after the price of a loan, consumers are most concerned about loan maturity and availability of unsecured credit; but bankers think they are interested in the speed of loan approval and the qualification requirements.

Also, respondents chose the same criteria — speed of loan approval and qualification requirements, after price — as most important to middle market customers. But, in fact, what these corporate customers want, after price, is loan maturity and availability of supporting products, neither of which were included in the five top-ranked criteria by bankers.

Findings about deposit criteria are even more shocking: convenience was a write-in third choice for affluent consumers, coming after service charges, which was first, and rates, which were second. But bankers chose rates as first, service charges second, and variety of products was third. For middle-market respondents, convenience was a write-in first choice that tied with rates and was way ahead of cash management services, which is what bankers say they think these customers want.

"Throughout the survey is a theme that bankers need to get closer to their customers," explained Nigel A.L. Brooks, partner, Arthur Andersen & Co., New York. And James S. Labick, partner in charge of the financial services consulting practice in New York, added, "The results indicate that bankers must make substantial investments in market research and marketing information systems in order to better understand customers' preferences."

Where They Think the Profit Lies

Over 40% of the respondents believe that banks have an obligation to offer services to all consumers, including state and local governments. But only 11% believe they should be required to do so.

Mr. Brooks noted that bankers say they will increase expenditures in the three areas they think can provide the greatest opportunity for profit improvement — asset/liability management, marketing, and human resources management. Employee training is another area that respondents ranked No. 1 in terms of its ability to influence their profitability in a positive manner.

Asked what they must do to succeed in the next decade, bankers said choose the right market niche, deliver products and services to that niche efficiently and profitably, and implement profit-improvement techniques that enhance revenue and reduce costs, said Mr. Labick.

Andersen executives and Mr. Slater made much of the finding that showed these bankers predicting less of a decline in the number of banks than has been predicted in the past by smaller banks and by academics. Respondents to this survey see a drop of only 22% in the number of banks — to 11,500 from 14,750. This compares with a drop of about 33% in an earlier survey that included smaller banks which Andersen did in conjunction with the Bank Administration Institute.

Mr. Slater noted that this finding firms up his own sense that offering services to other banks will be a good business in the future: if there were few other banks it would be a lousy business, he said.

Grouped in Three Catagories

The banks included in the present survey were grouped in three categories: under $5 billion in assets, $5 billion to $20 billion, and over $20 billion. They were also grouped according to function: money center banks, regional money center banks, regional banks, and state/metropolitan banks.

Mr. Slater's point is that people are always worried about large banks eating up the smaller, rural banks, but this survey, he says, shows that they won't do that — evidently they'll eat or be eaten by other large banks.

"Community banks don't have to fear money center and regional banks gobbling them up — and for those community banks that are dressing up their balance sheets hoping to be acquired, most of them can forget it — the major banks are not interested," Mr. Labick said.

At least one finding in this comprehensive and complex report would tend to contradict this idea: 75% of state/metropolitan banks which responded said they'd be interested in buying community banks; but 85% of them — with multiple answers permitted — said they'd buy another state/metro bank. Mr. Labick explained the discrepancy by saying the banks would spend their money on other large banks first because they are interested most in depth of management talent and geographic location and want to get the most for their money.

Mr. Brooks noted a "tiering effect" in bank acquisitions, with banks of each size saying they'd buy the next smallest size. Also banks of each size say they expect to grow into the next largest size by the 1990s. Banks will tend to buy similar institutions. After other banks, investment banks, mortgage banks, and insurance companies would be the most likely acquisition candidates, assuming there were no restric-

➡ Survey: Page 19

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The Markets

Money Market

Tuesday, December 10, 1985

Federal funds range 7 13/16-8 1/16%
Prime rate (6/19/85) 9½%
Discount rate FRB of New York (5/17/85) 7½%
Call Loans on Securities:
To brokers on stock exchange collateral 9%
To dealers on U.S. Gov't Securities 8⅛%

Bankers Accepts. offering rate—discount basis (12/10/85)

30 days—7.87	60 days—7.82	90 days—7.78
120 days—7.72	180 days—7.67	

NY. City Banks' CDs — Highest Offering Rate (12/10/85)

14 days—7.45	30 days—7.55	60 days—7.55
90 days—7.55	120 days—7.55	150 days—7.55
180 days—7.55	270 days—7.60	360 days—7.70

Aaa Dealer Comm'l paper—discount basis (12/10/85)

30 days—7.80	60 days—7.80	90 days—7.80

Comm'l Paper Directly Placed—Range disc. Basis (12/10/85)

5-14 days—7-7.80	15-29days—7-7.80
30-59 days—7-7.85	60-89 days—7-7.80
90-179 days—7-7.75	180-270 days—7-7.50

Eurodollar Deposits—London bid (12/10/85)

Overnight—8⅞	7 days—8 1/16
1 mo.—8⅛	3 mos.—8 1/16
6 mos.—8 1/16	1 year—8 3/16

NIBOR (6-month) 8 3/16%
LIBOR (6-month) 8 3/16%

Futures Markets

The Bond Buyer Municipal Bond Index

	Dec. 10, 1985	Dec. 9, 1985	Dec. 3, 1985
Index	89-18	89-08	88-00
Yield	9.37%	9.42%	9.61

The Bond Buyer Municipal Bond Index was designed by the Chicago Board of Trade to serve as the basis for trading Long-Term Municipal Bond futures contracts when approved by the Commodity Futures Trading Commission. The Index represents an average of the figures obtained when the price of each of 40 select term bonds is divided by a figure derived from the amount at which the bond would be priced to yield 8%. In all computations, the maturity of a bond is represented by its first call at par. The Index is computed daily and is quoted in points and 32nds.

3-Month Domestic CD Futures (IMM)*

Delivery Month	High	Low	Settle	Change (a)	Yield(b)
Dec. '85.	92.91	92.16	92.16	+ 2	7.84
Mar. '86.	92.42	92.36	92.40	+ 10	7.60
June '86	92.25	92.24	92.24	+ 11	7.76
Sept '86.	.....	.....	91.96	+ 13	8.04
Dec. '86.	.....	.....	91.66	+ 13	8.34
Mar. '87.	.....	.....	91.38	+ 15	8.62

As of the previous day's close; Total no. of contracts traded: 250 total open interest: 1,450 and change in open interest:-33.

3-Month T-Bill Futures (IMM)**

Delivery Month	High	Low	Settle	Change (a)	Yield(b)
Dec. '85.	92.92	92.86	92.87	unch	7.13
Mar. '86.	93.14	93.05	93.09	+ 3	6.91
June '86	93.02	92.94	92.99	+ 7	7.01
Sept. '86.	92.76	92.69	92.74	+ 9	7.26
Dec. '86.	92.45	92.42	92.44	+ 9	7.56
Mar. '87.	92.17	92.13	92.16	+ 9	7.84
June '87	91.91	91.87	91.91	+11	8.09
Sept. '87.	91.66	.....	91.66	+11	8.34

As of the previous day's close; Total no. of contracts traded: 6,913 total open interest: 36,812 and change in open interest:-1,218.

Footnotes to Futures Tables

*—For 90-day or 3-month domestic certificates of deposit having a face value at maturity of $1 million.
**—For three month U.S. Treasury Bills having a face value at maturity of $1 million.
a—Change from previous day's settlement price in basis points.
b—100.00 minus settlement price.
IMM—Traded on the International Monetary Market, a division of the Chicago Mercantile Exchange.
r—New record high in open interest.

American Banker Index

Selected Money Center Bank Stocks*

			High	Low	Last
Dec. 10	324.3	1985	324.3	242.7	324.3
Dec. 9	320.1	1984	269.6	178.4	246.3
Dec. 6	320.3	1983	299.6	223.1	260.2
Dec. 5	323.7	1982	268.2	168.7	233.2
Dec. 4	314.9	1981	186.0	138.0	184.2

* Based on midday prices.

Gold Coins

Coin Name & Weight	$ Value per Coin Dec. 10	Dec. 9
Krugerrand (1 Troy oz.)	322.70	321.70
Maple Leaf (1 Troy oz.)	331.70	330.70
Mexican Onza (1 Troy oz.)	333.70	332.70
Chinese Panda (1 Troy oz.)	341.00	339.90
U.S. Medallion (1 Troy oz.)	331.20	330.20
Mexican 50 Peso (1.2 Troy oz.)	399.30	398.10
Austrian 100 Corona (.98 Troy oz.)	313.30	312.30
S. Afr. ¼ Rand (.25 Troy oz.)	87.90	87.60
U.S. Medallion (.50 Troy oz.)	166.40	165.90

These quotes represent the N.Y fixing price, which are a midprice between what buyers are bidding and sellers are asking. The prices are quoted by Manfra Tordella & Brookes, but may vary among dealers, depending on market conditions.

Strategic Dates
March 31, 1986

RATE RESTRICTIONS: The 5/½% interest-rate ceiling on passbook and statement savings accounts expires on this date.

American . . .

Continued from Page 3

bondholders first. Because American Savings Bank's bonds are not among the lowest-yielding in the pool, 41% of the trust's bonds would have to be put back before American saw its first bond returned.

American also did similar deals with its tax-exempt mortgages and virtually all its preferred stock. The thrift also sold the tax benefits of its bonds to shareholders by adding a "multiple put option" of three, five, or seven years to the securities.

With this structure, instead of a long-term investment, the new holder of the bonds had a three-year-maturity investment. At the end of three, five, or seven years, the bondholder can return the debt to American.

Mr. Reilly is proud of American's role as an innovator in devising novel financing techniques. For example, American was the first thrift institution to take part in a unit trust for its preferred stock.

"Our practice is not to wait until a couple of people have done a certain thing," he says. "I would rather give up that tax-exempt income and go after higher income and then use the additional income to help get rid of some of these underwater assets" that have dogged American's operations, he says.

Another type of "underwater asset" that hindered American's performance was old Federal Housing Adminiatration and Veteran Administration mortgages that were yielding about 8% to 8½%.

American transferred a total of $250 million of these mortgages to a Nevada subsidiary, ASB Capital Corp. That unit issued $100 million in Adjustable Tender Preferred Stock earlier this year. The subsidiary was necessary because, at the time, American was a mutually owned institution. American switched to stock ownership through a subscription offer this fall and a public stock offering that took place in November.

The mortgages were useful in the Nevada subsidiary because, as a limited purpose finance subsidiary, it was required to have assets with a market value to cover the value of any stock it issued. The mortgages themselves had a market value of substantially less than their face value but were enough to cover the $100 million preferred issue.

The stock issued through the subsidiary is now bearing a 6.53% interest rate. Its structure is similar to recent money market preferred or dutch auction rate preferred shares in that they are repriced every seven weeks.

However, in another novel twist pioneered by the thrift, the stock's dividends are not set through a blind auction. With ASB's preferred, Smith Barney & Co. canvases the market on the day before each new auction and sets a new rate based on what investors are willing to pay. Mr. Reilly says this technique has helped the shares bear an interest rate that is about 10 basis points lower, on average, than issues with blind auctions.

American is presently the only financial firm that has preferred stock outstanding using this repricing scheme.

The structure of using the Nevada unit works especially well for American because the thrift has substantial tax-loss carryforwards — a benefit of recent tough years — which it can use to shelter the income of the subsidiary.

Mr. Reilly further improved the spread available on the preferred stock through $50 million in interest rate swaps. In return for the payment stream equal to the dividends paid on half the total preferred stock, American now receives a floating-rate payment stream based on the commercial paper rate.

The swap helps decrease the cost of the swapped preferred stock to the tune of about 150 basis pints, said Mr. Reilly, because the commercial paper rate is about 8%.

"What really makes the swap work is the difference between the commercial paper rate and the preferred stock rate because the preferred is a tax-sheltered instrument," he says. The use of an interest rate swap gives the preferred stock a total cost that the treasurer says is below the rate on Treasury securities.

Another innovative financing technique used by American is a system that uses repurchase agreements and matches the maturities of high-yielding and deep-discount bonds.

This technique starts by selling deep-discount Government National Mortgage Association bonds to bond dealers under a repurchase agreement. The agreement specifies that American will reacquire the bonds at the same price on a specific date.

Mr. Reilly said the thrift recently sold $92 million of these, each of which bore an average rate of about 6%.

The money American receives from this repurchase agreement was invested in higher-yielding bonds, which were bought under a repurchase agreement with exactly the same maturity as the first one. The latest manuever involved a repurchase agreement of higher coupon bonds that yielded 8.71%.

The difference between the two yields is the spread the thrift receives on the financing. In this case, the spread was about 230 basis points.

Also, as in all the previous maneuvers, there was no ultimate sale of assets, so the thrift did not have to take a loss.

Mr. Reilly said a key to making these techniques work for American was the fact that previous management of the bank "had the foresight to concentrate on investments that had cash flow" such as mortgages, and not mortgage securities.

The three banks were involved in the 1981 voluntary merger that formed American Savings Bank were primarily mortgage lenders, he said, so they had "lots of cash flow which is being converted to current rates."

This is opposed to the tack that many other thrifts took in getting into the mortgage securities market in a big way. Those institutions faced major problems when interest rates spiked upward because they received only interest payments and could not expect to get principal repaid until the securities matured. ■

Survey . . .

Continued from Page 7

tions. The majority of those surveyed said it was very likely they'd buy another bank by 1990. Location is the most important criterion for choosing a candidate, they said.

The survey predicts that 12% — compared to 10% in the BAI-Andersen survey of 1983 — of consumers will use home banking by the 1990s; and 57% of consumers will be using automated teller machines

It also predicts that fee income, now comprising about 31% of net income of banks with assets over $20 billion, will rise to 45% by the 1990s. For all sizes of banks, fee income will comprise an increasing share of profits, mostly from advisory fees to existing bank customers, but also from combined transaction account packages or asset management accounts as they are called, trust services, loan commitments and originations, trading, and item processing.

While Mr. Slater identified services to other financial institutions as a niche in which his institution is interested, overall, respondents ranked advisory fees from this market segment low on the totem poll.

Interestingly, about a third of all bankers responding say they will develop and service products for nonbanks by 1990.

Mr. Labick said that most CEOs "told us that they do plan to specialize in particular products and industries, then expand these niches geographically, particularly within their own region."

Successful expansion, they said, will be based on depth of management talent and capital available. Pay scales, Mr. Slater noted, will be based upon prevailing rates offered by competitors regardless of industry. And incentive programs will be more widespread, Mr. Brooks added.

He noted that the impetus to move away from full-service banking is probably one of the most important survey findings. ■

Bank Call Notice

REPORT OF CONDITION OF

MARINE MIDLAND BANK, N.A.

OF Buffalo, New York, 14240
And Foreign and Domestic Subsidiaries

In the state of New York, at the close of business on September 30, 1985, published in response to call made by Comptroller of the Currency, under title 12, United States Code, Section 161. Charter number 16338 Comptroller of the Currency Second District

ASSETS	Dollar Amounts in Thousands
Cash and balances due from depository institutions	
Noninterest-bearing balances and currency and coin	$ 850,235
Interest-bearing balances	1,366,785
Securities	571,930
Federal funds sold and securities purchased under agreements to resell in domestic offices of the bank and of its Edge and Agreement subsidiaries, and in IBFs	1,209,112
Loans and lease financing receivables:	
Loans and leases, net of unearned income 15,190,411	
LESS: Allowance for loan and lease losses 216,149	
Loans and leases, net of unearned income, allowance, and reserve	14,974,262
Assets held in trading account	1,146,111
Premises and fixed assets (including capitalized leases)	199,494
Other real estate owned	26,946
Investments in unconsolidated subsidiaries and associated companies	6,759
Customers liability to this bank on acceptances outstanding	691,635
Intangible assets	22,063
Other assets	832,538
TOTAL ASSETS	$ 21,897,870
LIABILITIES	
Deposits:	
In domestic offices	$ 10,078,904
Noninterest-bearing 2,846,746	
Interest-bearing 7,232,158	
In foreign offices, Edge and Agreement subsidiaries, and IBFs	5,686,243
Noninterest-bearing 46,224	
Interest-bearing 5,640,019	
Federal funds purchased and securities sold under agreements to repurchase in domestic offices of the bank and of its Edge and Agreement subsidiaires, and in IBFs	2,669,893
Demand notes issued to the U.S. Treasury	373,360
Other borrowed money	782,473
Mortgage indebtedness and obligations under capitalized leases	82,550
Bank's liability on acceptances executed and outstanding	697,447
Notes and debentures subordinated to deposits	250,928
Other liabilities	639,949
TOTAL LIABILITIES	$ 20,925,747
EQUITY CAPITAL	
Common stock	$180,000
Surplus	338,830
Undivided profits and capital reserves	453,293
TOTAL EQUITY CAPITAL	972,123
TOTAL LIABILITIES, LIMITED-LIFE PREFERRED STOCK, AND EQUITY CAPITAL	$ 21,897,870

I, WALTER W. BROWN, Controller & Chief Accounting Officer, of the above-named bank do hereby declare that this Report of Condition is true and correct to the best of my knowledge and belief.

WALTER W. BROWN
November 15, 1985

We, the undersigned directors, attest the correctness of this statement of resources and liabilities. We declare that it has been examined by us, and to the best of our knowledge and belief has been prepared in conformance with the instructions and is true and correct.

JOHN R. PETTY
NORTHRUP R. KNOX
CHARLES G. BLAINE | Directors

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AMERICAN BANKER STATISTICAL REVIEW — P. 11

American Banker

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VOL. CL NO. 250 Monday, December 23, 1985 150th Year

TODAY

newsmonday

WEEKLY REVIEW AND OUTLOOK — Pull Out Pages 7-10, 15-18

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Bank Board Proposes Easing Interstate Rules In Regional Pacts and for Buyers of Failed S&Ls

By NINA EASTON
and MARK BASCH

In a move that could give financial institutions a broader reach outside their home states, the Federal Home Loan Bank Board on Friday proposed giving any buyer of a failed thrift the right to expand into as many as four states.

Thrifts

The board also proposed giving interstate branching rights to federal thrifts in those states where interstate banking compacts are in place, as long as those compacts also apply to state thrifts.

Under current Bank Board policy, banks, thrifts, or other institutions can buy a failed thrift and obtain branching rights within that thrift's home state. The proposal could give buyers entry into a region rather than one state. They could expand into as many as three states in addition to the state in which the failed thrift is located.

"Now they're saying you can get four states for the price of one," said William S. Eckland, an attorney with McKenna, Conner & Cuneo.

Thrift acquisitions by bank holding companies are subject to approval by the Federal Reserve Board. It was unclear how the Fed would react to the Bank Board's proposal. Generally, the Fed only approves interstate acquisitions of healthy institutions when the state gives specific approval.

The proposal also states that any entity that purchases a thrift within a regional compact might be granted branching rights into more than four states.

While the proposal says that the board would prefer to grant branching rights in contiguous states, it adds that this would not be a requirement.

The proposal is already prompting strong opposition from community bankers. "This is a total and complete perversion of the fundamental doctrine that states should have the right to determine their own financial structure," said Kenneth Guenther, executive di-

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Congress Pressed for Bank Legislation

Public Confidence Ebbs as Volcker Calls for Interstate Measure

By BARTLETT NAYLOR

WASHINGTON — "We have a circus going on here," declared Federal Reserve Board Chairman Paul A. Volcker this year. And that's not appropriate for banking, Mr. Volcker believes, which should be as boring as skim milk.

Thrift crises in Ohio and Maryland, a record number of bank failures, and a fragile Federal Savings and Loan Insurance Corp. fund have shaken confidence in the entire banking industry. On top of this, revolution continues in the industry. Banks are crossing borders in dozens of states and into several hitherto forbidden industries.

'85 preview '86

A Series of Articles Looking Back and Ahead At Issues Facing the Financial Services Industry

To restabilize the industry, and to set the rules for the financial services revolution, Mr. Volcker puts the responsibility on Congress.

Collectively, however, Congress has failed to rise to the challenge. If congressional bill writing is like marriage, then Senate and House banking leaders haven't even begun to date.

In 1984, the Senate passed a major bill, but the House Banking Committee did not reciprocate with corresponding legislation. This year, the House Banking Committee approved a handful of bills, but the Senate Banking Committee didn't even do its counterpart the honor of considering any legislation at all. Extension of two measures to aid ailing thrifts was the sum total of the year's accomplishments in

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Fed's Securities Writ Under Fire In Administration

Special to the American Banker

WASHINGTON — Reagan administration officials, angered by the Federal Reserve Board's recent move to limit junk bond-financed corporate takeovers, are debating whether to propose legislation that would repeal the Fed's underlying authority over securities, according to several administration sources.

The administration is expected to fire off a letter today that "jumps all over" the Fed's proposal to extend its 50% margin requirement to the high-yield securities, one source said. The letter to the Fed — written by the Justice Department's antitrust chief Douglas Ginsburg with concurrence from the Treasury Department and the

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